

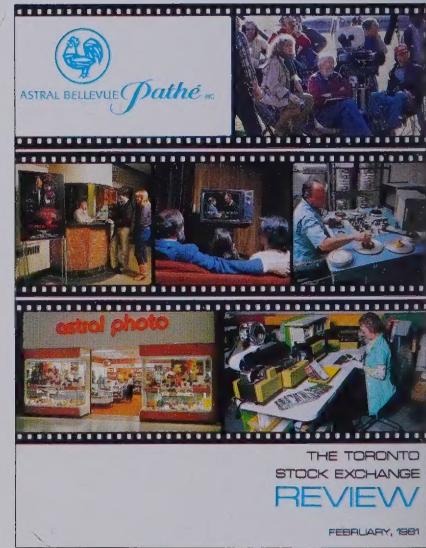
AR48



Annual Report 1981

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ASTRAL BELLEVUE *Pathé* INC.



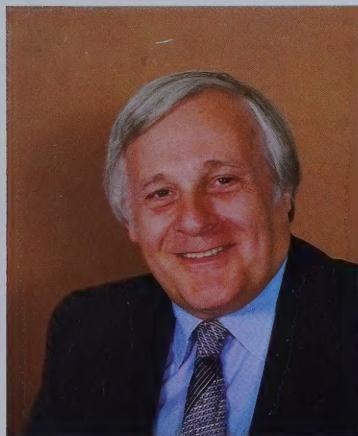
The cover of the Toronto Stock Exchange Review, February 1981, featuring Astral Bellevue Pathé.

**Financial Highlights**

(000) omitted from dollar figures except per share

	1981	1980	1979	1978	1977
Sales	\$46,833	\$38,203	\$31,680	\$26,404	\$24,822
Net earnings	1,342	1,106	857	524	703
Working capital	3,870	3,665	3,608	3,507	3,446
Shareholders' equity	8,670	7,656	6,841	6,273	5,958
<b>Per Common Share</b>					
Net earnings	48 cents	39 cents	30 cents	18 cents	25 cents
Dividends	12 cents	10 cents	10 cents	7 cents	6 cents
Shareholders' equity	2.98	2.66	2.36	2.16	2.04

## President's Message



Sales and earnings continued to achieve new high levels and the growth pattern of recent years was maintained despite high interest rates and generally weak consumer markets.

Revenues were up 23% to \$46,833,000 while earnings increased 21% to \$1,342,000, or 48 cents per share.

Working capital showed a small increase in the year. Funds from operations of \$3,212,000 and additional long-term debt of \$1,250,000 were applied to fixed asset additions of \$2,596,000, film production costs of \$2,320,000, net of term debt of \$1,674,000, term debt repayments of \$780,000 and dividends of \$350,000.

This year for the first time revenues and earnings from operations are reported by business segment, showing Photographic Group results separately from the Entertainment Group. Both groups showed healthy increases in operating income. While the reporting of key financial information between the two groups is in compliance with recent recommendations of the Institute of Chartered Accountants, we feel that it will also assist investors in understanding

Astral Bellevue Pathé and its future prospects.

The amateur photographic industry has shown a tendency towards slower growth late in 1980. It is some nine years since a major new popular camera system was introduced to the market and the industry would benefit from a development of this kind. We understand that such an innovation is now close to market, which will give renewed vitality both to retailers and photofinishers. Our confidence in the photographic segment remains undiminished, and, despite the current cost of capital, we intend to continue to expand our retail base into new locations and broader lines of photographic, video and related products.

The entertainment field is constantly changing and is much harder to predict and plan for on an accurate basis. Astral's competence in feature film production and marketing has become well established and internationally respected. We expect the feature film industry to continue to be of great importance in the future, particularly as Pay-TV and home video systems become major factors in the Canadian market place as they have in the United States and elsewhere. Our major strategic moves are a recognition of these developments, and in particular the increasing use of video tape and the public appetite for new "software".

Astral Bellevue Pathé Inc. took a significant ownership interest in the film TERROR TRAIN and we expect that profits will be realized on the picture. This year, we have taken major investment positions in three films, BEING DIFFERENT, HOT TOUCH, and HARD FEELINGS, all of which are described in more detail under "Film Production Activities".

The coming year will witness a number of new developments. A new photofinishing laboratory in Calgary, a video cassette duplication facility in Toronto, and an animated film production company in Montreal are all operational, and are expected to contribute significantly to earnings in future years. However, with interest rates at record levels, net earnings

growth in 1981/82 may be slightly lower than that of the past two years.

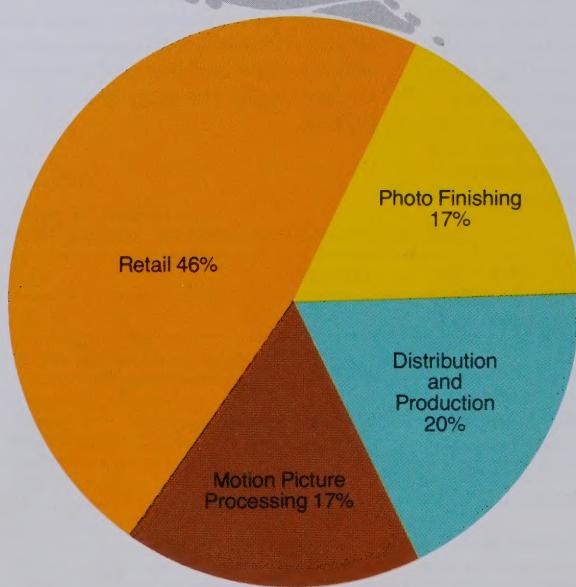
Last year the Company presented a brief to the Committee for the Extension of Services to Remote Areas and Pay-TV services in Canada. The Canadian Radio and Television Commission has invited applications for licences to operate Pay-TV systems in Canada this summer, to be followed by hearings in the fall. Licences are expected to be awarded before December 31, 1981. The Company is preparing an application for a licence to provide Pay-TV services and feels that it can provide many of the important ingredients required in a successful licensee. At this stage it is impossible to determine whether the Company might be awarded a licence or the nature of such a licence. However, whether or not the Company receives a licence, the introduction of Pay-TV to Canada will have a favourable impact on the Company as well as the Canadian feature film industry.

Our senior officers and employees have met the challenge of change and growth with enthusiasm, and together with our dedicated Board of Directors are moving the Company to a new plateau.

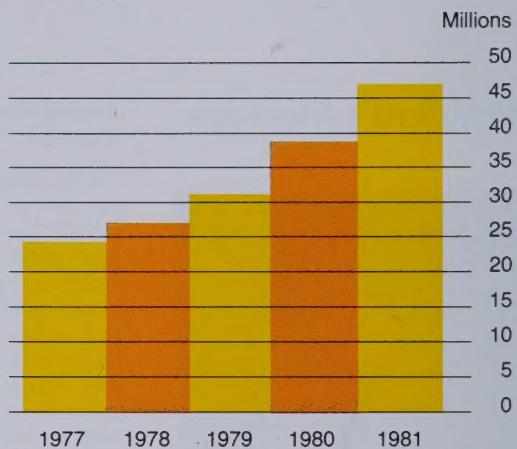
Sincerely,

A handwritten signature in blue ink, appearing to read "H. Greenberg".

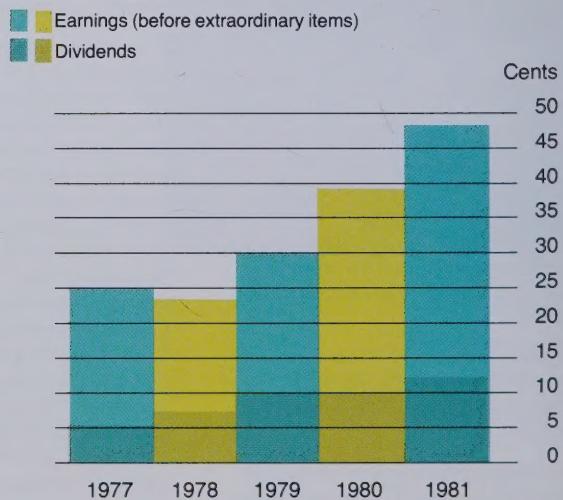
HAROLD GREENBERG,  
President.



Revenues

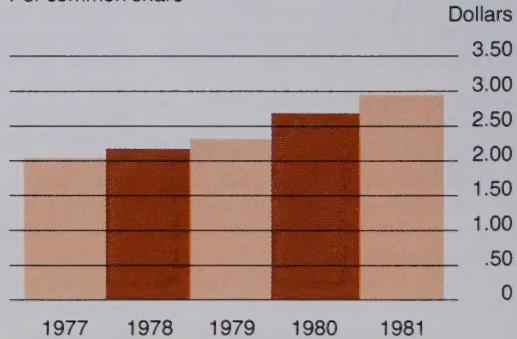


Earnings & dividends per share



Shareholders' equity

Per common share



## Photographic Group

### Retail Division

The Retail Division consists of two units, Angreen Photo and Astral Photo. The increase of individual store sales as well as the continuing expansion of Astral Photo outlets accounted for an overall sales growth of 20% in the retail division for the fiscal year 1980/81.

Angreen Photo operates photographic retail concessions in Miracle Mart and G.W. Robinson stores in Quebec and Ontario. The ninth G.W. Robinson

outlet will open shortly in that Southern Ontario chain.

Astral Photo stores have been opened in Oakville, Ontario and Red Deer, Alberta since February 28, 1981, and a further seven are scheduled for this fiscal year, including our first outlet in Saskatchewan. This will bring the Astral Photo chain to forty-six stores in five provinces.

Existing and planned stores are as follows:

	Feb. 23/80	Feb. 28/81	Feb. 26/82 (Projected)
<b>By operation</b>			
Angreen Photo	41	40	41
Astral Photo	30	37	46
	<b>71</b>	<b>77</b>	<b>87</b>
<b>By location</b>			
Alberta	6	8	12
Manitoba	2	4	5
Saskatchewan	—	—	1
Ontario	23	26	29
Quebec	40	39	40
<b>TOTAL</b>	<b>71</b>	<b>77</b>	<b>87</b>



We continue to expand the range of products under the house brand IMAGE label, providing both improved margins and increased consumer values. The introduction of IMAGE film to the line has been most successful both as an individual purchase and as part of a processing-included package, serving as a stimulant to our photofinishing sales. Our strategy emphasizes higher margin product lines and a more aggressive merchandising and advertising program directed to achieve a greater share of the retail market.

With the growth of the video cassette market in Canada and the Company's recent entry into the video cassette duplicating field, the Division is exploring the addition of pre-recorded video cassettes to its retail product line.

## Photofinishing

For the photofinishing laboratories, the year proved to be a challenging one. The introduction of federal sales tax on photofinishing sales, and significant increases in the cost of photographic paper and other materials put pressure on margins. Furthermore, slower market growth and a proliferation of photofinishing outlets at the retail level has made for a more competitive market place.

Notwithstanding these challenges, sales increased 5%, as the upgrading and modernization of the facilities in Montreal and Toronto in 1979 and 1980 enabled us to provide attractive new programs to meet the demands of the market.

A new satellite laboratory was recently completed in Calgary, primar-

ily to service our own Western outlets which will number 18 by the end of the year.

With the increase in our captive business in higher growth areas, we look forward to sales and earning gains in fiscal 1982.



## Entertainment Group

### Television Distribution

In fiscal 1981, Astral Television's sales increased 68%, a reflection of a change in the nature of its business. Formerly, primarily a supplier of feature films to television markets as an adjunct to Astral's theatrical distribution activities, the Division is now a supplier of a full range of TV programming for network and independent TV markets for viewing in all time slots, including prime time.

Two series, *KNOT'S LANDING* and *SECRETS OF MIDLAND HEIGHTS* were sold for prime time exhibition, as were several made-for-television movies and mini-series, including the very successful *MURDER IN TEXAS*.

Other major programs aired during the year included the strips *HERE'S LUCY* and *CAROL BURNETT*, the daytime soap operas *RYAN'S HOPE* and *SEARCH FOR TOMORROW*, and a number of popular game shows, variety specials and theatrical feature packages.

So far 1981/82 promises to be even stronger. Astral Television has sold three series, *VINTAGE YEARS*, *KING'S CROSSING* and *KNOT'S LANDING III*, the popular *BARBRA MANDRELL* variety Show, and *RIV-KIN: BOUNTY HUNTER* starring Ron Liebman.

Also new in the forthcoming year are major theatrical packages including Canadian and U.S. productions. Many made-for-television movies and prime time specials that are now in production have been presold.

With Pay-television on the horizon, the outlook for Astral Television is for substantial further growth.

### Theatrical Distribution

Among the successful features in release during the fiscal year were *HOPSCOTCH*, *PROM NIGHT*, *THE FOG*, *TERROR TRAIN* and the re-issue of *HALLOWEEN*.

For Astral Films, the major event of 1980 was the signing of an agreement in October to provide distribution services in Canada for Twentieth Century-Fox. Several of their releases since then have been major successes at the box office, including *NINE TO FIVE*, *A CHANGE OF SEASONS*, *FORT APACHE/THE BRONX*, and *CANNONBALL RUN*. Columbia Pictures, with whom Astral has a similar agreement, had several big films including *KRAMER VS. KRAMER*, *TESS*, *BLUE LAGOON* and *STIR CRAZY*.

Start-up costs related to the Fox representation will not be repeated in 1981/82 and the Division will benefit from a full year of distribution of Fox films.



## Motion Picture Processing Division

Bellevue Pathé, the motion picture processing laboratory located in Montreal, enjoyed a year of high activity both in original feature film work and release printing.

COMICS, LES PLOUFFE, THE FRIGHT, QUEST FOR FIRE, GAS, HARD FEELINGS, ENERGY, and HOT TOUCH were among the feature films processed during the year. There was also strong demand for 16mm original work with 14 productions processed, mainly for television exhibition.

Demand for release prints was high, as broader theatrical release patterns required increased numbers of prints per feature. Paramount Pictures, Twentieth Century-Fox, Columbia Pictures, Avco Embassy Pictures, and many of the Canadian independent distributors use Bellevue Pathé to supply their release print requirements.

The dubbing studio was also extremely active. French dubs were completed on such productions as COAL MINER'S DAUGHTER, FINAL ARRANGEMENTS, and TERROR TRAIN, and English tracks dubbed for LES PLOUFFE, THE COFFIN AFFAIR and DUPLESSIS, in addition to a large number of short films and other productions.

In 1980, Bellevue Pathé opened a new division, Média Sécurité Inc., to provide environmentally controlled conditions for the long-term storage and security of master film and tape elements.



## Pathé Sound & Post Production Centre

Pathé Sound continues to set the industry standard in Canada in the field of sound mixing. During the year a new studio was added, permitting greatly improved usage of facilities in addition to an expansion of capacity. A Dolby stereo sound system was also installed, making Pathé the first studio in Canada offering stereo sound mixing capability. Combined with the acquisition of high speed projectors for dubbing and expanded sound libraries, Pathé Sound ranks as the most complete sound studio in Canada.

Some of the titles mixed last year were TRIBUTE, THE INTRUDERS, MY BLOODY VALENTINE, SURFACING, TULIPS, TERROR TRAIN, DIRTY TRICKS, and BEING DIFFERENT.

Independent television productions have been increasing: ANNIE, TAKE ME OUT TO THE BALLGAME, NATURE OF THINGS and FOR THE RECORD, are but a few of the new productions.

Demand continues extremely strongly in the current fiscal year. GAS, HARD FEELINGS, THE MAGIC SHOW, TICKET TO HEAVEN, INCUBUS, UTILITIES, LOVE, and the animated feature, HEAVY METAL have been mixed this year or are in the mixing studio at present. Orders in house for several other features ensure that the year will continue at a high level of activity.

## Motion Picture Production

The Company's film production activities are managed through its wholly owned subsidiary Astral Film Production Ltd.

During the year, the Company completed principal photography on three feature films; *BEING DIFFERENT*, a feature length documentary by the award winning director Harry Rasky, *HOT TOUCH*, a caper film directed by Roger Vadim, and *HARD FEELINGS*, a sensitive film co-produced with Joe Wizan from a screenplay by W.D. Richter.

*BEING DIFFERENT* was fully financed by the Company and is being marketed primarily to US Pay-TV and foreign markets. Harry Rasky, who directed the film, has produced several outstanding documentary films including *HOMAGE TO CHAGALL* which received an Academy Award nomination.

*HOT TOUCH*, a caper film with an art forgery theme, was directed by

Roger Vadim and starred Wayne Rogers, Marie-France Pisier, Patrick Mcnee, Lloyd Bochner, Samantha Eggar, and Melvyn Douglas. The film will be distributed by Twentieth Century-Fox later this year. Astral retains a 35% interest in the film, a large portion of which was sold to public investors.

The film *HARD FEELINGS*, based on a best selling novel of the same name and directed by Daryl Duke, is a tough but sensitive story of a teenager learning to cope with life's problems. Astral has financed 50% of this picture, which is scheduled for a fall release.

Towards the end of the fiscal year, Astral commenced production on a further film, *PORKY'S*, produced and directed by Bob Clark. The film is being financed by Melvin Simon Productions Inc., Twentieth Century-Fox and Astral. *PORKY'S* is scheduled for release in the USA and Canada either late in 1981 or early 1982.

Astral's increased participation in film properties is the result of a number of factors. Firstly, the Company's experience in film production has progressively grown. This is reflected not only in higher quality screenplays and directors becoming available to the Company, and in its ability to produce films that meet international standards,

but also in its ability to obtain top quality theatrical distribution in the United States. Secondly, although the favourable Capital Cost Allowance has helped to develop Canada's film making ability, the cost of raising investment for films is substantial and raises a film's recoupment point. If feature films can be funded without a substantial investment surcharge, the profit potential is significantly increased. Thirdly, the rapidly increasing revenues available from ancillary markets; notably Pay-TV, and video cassette and video disc systems substantially reduce the risk factor and improve profit potential.

Overall, we feel that the films in which Astral is participating have substantial profit potential, although this is not likely to have a major impact on consolidated net income until 1982/83.

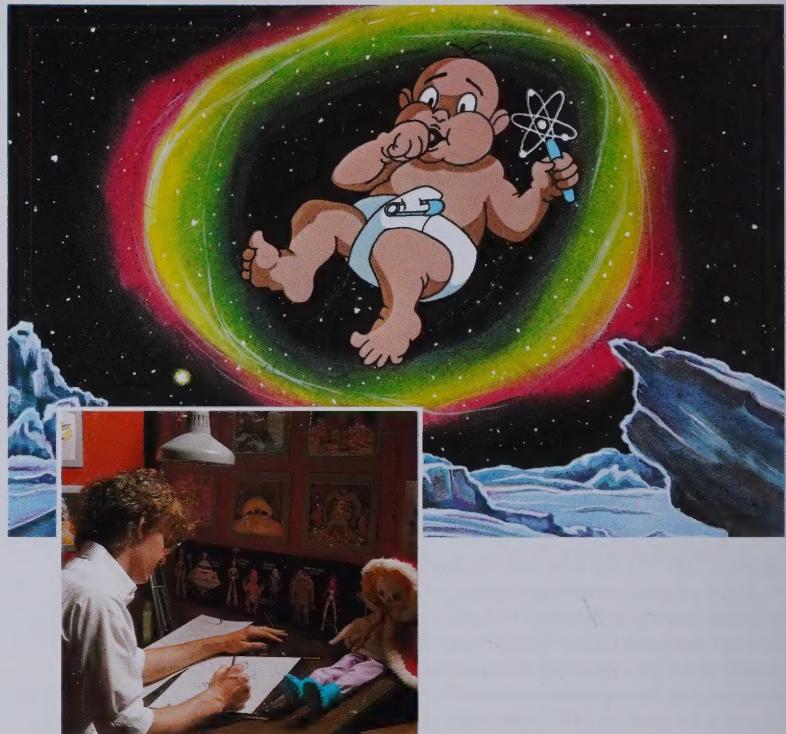
The Company's future investment in feature film productions depends on opportunities presented. In fiscal 1982, it is likely that the level of participation will be lower than in the past year.



## New Ventures

### Astral Animated Films Inc.

During the year and early in 1981, the Company made two moves that reflect its recognition of the increasing importance of the television medium. In late 1980, Peter Sander, an established producer of animated films, joined Astral as creative director of a new company, Astral Animated Films Inc., which will produce animated specials for the major networks, as well as foreign and syndicated TV markets. The Company is also actively involved in developing techniques for the use of animated material in interactive television systems and the development of software for the same medium. Although in its infancy, a market for interactive television applications in the educational and public service fields has been clearly identified and could become of major importance.



### *Pathé* Video Inc.

In April 1981, the Company entered the video cassette duplication field through the formation of a new company, *Pathé* Video Inc., to supply the institutional and educational markets as well as the rapidly growing home video field. The industrial and educational markets have been growing at an annual rate of 40% and are expected to continue to advance at a similar rate for several years. The market for home video systems is in its infancy and experiencing explosive growth. Sales of pre-recorded video cassettes in the USA are expected to exceed \$250 million in 1981, and the sales of recorder units are accelerating. The development of the Canadian home video market presents a most interesting opportunity for the Company, particularly in view of the substantial library of film rights that it holds.



## DIRECTORS



**Harold Greenberg**  
President and Chief Executive Officer of the Company



**Ian Greenberg**  
Vice-President and Treasurer of the Company



**Sidney Greenberg**  
President, Bellevue Photographic Limited



**Edward M. Bronfman**  
Chairman Edper Investments Limited



**Harvey Greenberg**  
President, Astral Photo



**Austin C. Beutel**  
President, Beutel, Goodman & Co. Limited



**Jack L. Cockwell**  
Senior Vice-President Planning, Brascan Limited



**J. Trevor Eyton**  
President and Chief Executive Officer, Brascan Limited



**Timothy R. Price**  
President, National Hees Enterprises Limited



**Laurent Picard**  
Dean of the Faculty of Management, McGill University



**ASTRAL BELLEVUE *Pathé* INC.**

**HEAD OFFICE**  
720 King St. W., Toronto, Ontario M5V 2T3

**EXECUTIVE OFFICES**  
175 Montpellier Blvd., Montreal, Quebec H4N 2G5

## Corporate Officers

**Harold Greenberg** — President and Chief Executive Officer

**Ian Greenberg** — Vice-President and Treasurer

**Peter H. Ross** — Vice-President Finance and Secretary

**Peter Ryan** — Controller

## Subsidiaries and Divisions

### DISTRIBUTION

**ASTRAL FILMS LTD.**

Ian Greenberg, Senior Vice-President

### PRODUCTION

**ASTRAL FILM PRODUCTIONS LTD.**

Eddy Rosenberg, Operations Manager

### MOTION PICTURE PROCESSING & SOUND RECORDING SERVICES

**BELLEVUE PATHÉ LABORATORIES**

Montreal and Toronto

André Collette, President

Joseph Grimaldi, Vice-President, Sound Services, Ontario

### PHOTOFINISHING

**BELLEVUE PHOTO**

Toronto and Montreal

Sidney Greenberg, President

Leo Levy, General Manager, Montreal

### RETAIL

**ANGREEN PHOTO**

Ian Greenberg, President

**ASTRAL PHOTO**

Harvey Greenberg, President

### Auditors

Zitrer, Siblin, Stein, Levine  
Montreal - Toronto

### Corporate Counsel

Tory, Tory, DesLauriers & Binnington, Toronto  
Heenan, Blaikie, Jolin, Potvin, Trépanier, Cobbett, Montréal

### Bank

The Royal Bank of Canada

### Listing

Montreal Stock Exchange  
Toronto Stock Exchange

### Transfer Agent and Registrar

Canada Permanent Trust Co.  
Montreal, Toronto, Winnipeg,  
Regina, Calgary and Vancouver.

Consolidated Balance Sheet as at February 28, 1981

	ASSETS	1981	1980
<b>CURRENT</b>			
Accounts receivable .....	\$ 5,263,000	\$ 4,810,000	
Inventories (Note 2) .....	8,079,000	7,118,000	
Film royalties and costs .....	1,215,000	874,000	
Income taxes refundable .....	131,000	510,000	
Prepaid expenses .....	345,000	297,000	
Film production costs (Note 3) .....	<u>2,663,000</u>	—	
	<u>17,696,000</u>	13,609,000	
 FILM PRODUCTION COSTS (Note 3) .....	 <u>3,444,000</u>	 1,174,000	
 FIXED ASSETS (Note 4) .....	 <u>6,676,000</u>	 5,170,000	
 GOODWILL .....	 <u>1,546,000</u>	 1,546,000	
 ON BEHALF OF THE BOARD		 <u>\$29,362,000</u>	 <u>\$21,499,000</u>

*Al Greenberg*  
\_\_\_\_\_  
Director

*Jan Greenberg*  
\_\_\_\_\_  
Director

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**LIABILITIES****1981**

1980

**CURRENT**

Bank indebtedness (Note 5) .....	<b>\$ 1,249,000</b>	\$ 1,702,000
Bankers' acceptances (Note 5) .....	<b>3,000,000</b>	2,000,000
Accounts payable and accrued liabilities .....	<b>8,877,000</b>	5,718,000
Long-term debt due within one year .....	<b>700,000</b>	524,000
	<b><u>13,826,000</u></b>	<u>9,944,000</u>
LONG-TERM DEBT (Note 6) .....	<b>4,524,000</b>	<u>2,380,000</u>
DEFERRED INCOME TAXES .....	<b>2,342,000</b>	<u>1,519,000</u>

**SHAREHOLDERS' EQUITY**

CAPITAL STOCK (Note 7) .....	<b>3,623,000</b>	3,601,000
RETAINED EARNINGS .....	<b>5,047,000</b>	4,055,000
	<b><u>8,670,000</u></b>	<u>7,656,000</u>
	<b><u>\$29,362,000</u></b>	<u>\$21,499,000</u>



## Consolidated Statement of Earnings

For the year ended February 28, 1981

	<b>1981</b>	1980
REVENUES .....	<b>\$46,833,000</b>	<u>\$38,203,000</u>
EXPENSES		
Cost of sales .....	<b>31,228,000</b>	25,577,000
Selling and administration .....	<b>11,582,000</b>	9,173,000
Interest on long-term debt .....	<b>304,000</b>	252,000
Other interest .....	<b>507,000</b>	342,000
Depreciation .....	<b>1,047,000</b>	980,000
	<b>44,668,000</b>	<u>36,324,000</u>
EARNINGS BEFORE INCOME TAXES .....	<b>2,165,000</b>	1,879,000
Provision for deferred income taxes .....	<b>823,000</b>	<u>773,000</u>
NET EARNINGS .....	<b><u>\$ 1,342,000</u></b>	<b><u>\$ 1,106,000</u></b>
NET EARNINGS PER COMMON SHARE .....	<b>48 cents</b>	39 cents

## Consolidated Statement of Retained Earnings

For the year ended February 28, 1981

	<b>1981</b>	1980
BALANCE — BEGINNING OF YEAR .....	<b>\$ 4,055,000</b>	\$ 3,241,000
Net earnings .....	<b>1,342,000</b>	1,106,000
	<b>5,397,000</b>	<u>4,347,000</u>
Dividends on preference shares .....	<b>16,000</b>	16,000
Dividends on common shares .....	<b>334,000</b>	276,000
	<b>350,000</b>	<u>292,000</u>
BALANCE — END OF YEAR .....	<b><u>\$ 5,047,000</u></b>	<b><u>\$ 4,055,000</u></b>

The accompanying notes form an integral part of the consolidated financial statements.

## Consolidated Statement of Changes in Financial Position

For the year ended February 28, 1981

	<b>1981</b>	1980
<b>SOURCE OF FUNDS</b>		
Net earnings .....	<b>\$ 1,342,000</b>	\$ 1,106,000
Depreciation .....	<b>1,047,000</b>	980,000
Deferred income taxes .....	<b>823,000</b>	746,000
Funds provided from operations .....	<b>3,212,000</b>	2,832,000
Proceeds of disposal of fixed assets .....	<b>43,000</b>	57,000
Proceeds of long-term debt .....	<b>1,250,000</b>	491,000
Issue of capital stock .....	<b>22,000</b>	1,000
	<b><u>4,527,000</u></b>	<u>3,381,000</u>
<b>APPLICATION OF FUNDS</b>		
Film production costs (less long-term debt of \$1,674,000; 1980 — \$926,000) .....	<b>596,000</b>	248,000
Additions to fixed assets .....	<b>2,596,000</b>	2,213,000
Retirement of long-term debt .....	<b>780,000</b>	571,000
Dividends paid .....	<b>350,000</b>	292,000
	<b><u>4,322,000</u></b>	<u>3,324,000</u>
INCREASE IN WORKING CAPITAL .....	<b>205,000</b>	57,000
WORKING CAPITAL — BEGINNING OF YEAR .....	<b>3,665,000</b>	3,608,000
WORKING CAPITAL — END OF YEAR .....	<b><u>\$ 3,870,000</u></b>	<u>\$ 3,665,000</u>

## Notes to Consolidated Financial Statements as at February 28, 1981

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Principles of Consolidation:

The consolidated financial statements include the accounts of Astral Bellevue Pathé Inc. and all its subsidiaries.

#### b) Inventories:

Merchandise held for resale is valued at the lower of cost and net realizable value. In accordance with industry practice, films acquired for distribution are included in inventories. These films are amortized on a weighted basis over six to nine years.

#### c) Film Royalties and Costs:

These costs represent the unrecovered portion of advance royalties and deferred film costs expended under distribution agreements. Net income is recognized with respect to these films only after all costs are recovered.

#### d) Film Production Costs:

The Company capitalizes production costs including related interest costs less third party participations. These costs are charged to earnings on an individual film basis in the ratio that the current year's gross revenue bears to management's estimate of total gross revenue.

This represents a change from the policy used in prior years whereby net income was recognized with respect to each film only after the Company's investment had been recovered. This change had no material effect on earnings for 1981 or prior years.

Film production costs are stated at the lower of unamortized cost or estimated realizable value on an individual film basis. Revenue estimates are reviewed periodically and amortization adjusted accordingly. When the unamortized costs exceed the estimated revenue to be received, the carrying value of the film is adjusted to net realizable value.

Unamortized film production costs are classified as current assets to the extent that such costs are expected to be recovered within one year.

#### e) Fixed Assets:

Fixed assets are depreciated on the straight-line basis over their estimated useful lives of five to ten years.

#### f) Goodwill:

Goodwill represents the excess of cost of subsidiaries over the net book value of assets acquired and is carried at cost.

#### g) Revenue Recognition:

Revenue from distribution of films is recognized as instalment payments become due.

### 2. INVENTORIES

	1981	1980
Merchandise .....	<u>\$7,541,000</u>	\$6,410,000
Films for distribution ..	<u>538,000</u>	708,000
	<u><u>\$8,079,000</u></u>	<u><u>\$7,118,000</u></u>

### 3. FILM PRODUCTION COSTS

Theatrical film production costs consist of the following components:

	1981	1980
Released,		
less amortization ...	<u>\$ 1,603,000</u>	—
In process .....	<u>4,504,000</u>	\$ 1,174,000
	<u>6,107,000</u>	1,174,000
Non-current portion ...	<u>3,444,000</u>	1,174,000
Current film		
production costs ....	<u><u>\$ 2,663,000</u></u>	—

### 4. FIXED ASSETS

	1981	1980
At cost .....	<u>\$12,637,000</u>	\$10,162,000
Accumulated		
depreciation .....	<u>5,961,000</u>	4,992,000
Net book value .....	<u>\$ 6,676,000</u>	\$ 5,170,000

## 5. SECURITY TO BANK

The bank indebtedness and the bankers' acceptances are secured by all the assets of the Company, subject to any prior charges.

## 6. LONG-TERM DEBT

a) Bank term loan bearing interest at prime bank rate plus 1.5%, repayable over the period to March 1, 1983, subject to annual review and secured as disclosed in Note 5	\$ 675,000
b) Bank loan bearing interest at prime bank rate plus 0.5%, repayable on January 1, 1983 or earlier from certain film revenues, and secured as disclosed in Note 5.....	\$2,600,000
c) Term loans bearing interest at various rates, repayable over the period to 1988 and secured by certain fixed assets. ....	1,949,000
	<u>\$5,224,000</u>

Principal payments are due in the following fiscal years:	
1982 .....	\$ 700,000
1983 .....	\$3,293,000
1984 .....	490,000
1985 .....	379,000
1986 and thereafter ...	<u>362,000</u> <u>4,524,000</u>
	<u>\$5,224,000</u>

## 7. CAPITAL STOCK

	1981	1980
Authorized —		
32,500 5% Non-cumulative preference shares of \$10 par value		
5,000,000 Common shares without par value		
Issued and fully paid		
32,500 Preference shares .....	\$ 325,000	\$ 325,000
2,800,475 Common shares (1980 — 2,760,627) .....	<u>3,298,000</u>	<u>3,276,000</u>
	<u>\$3,623,000</u>	<u>\$3,601,000</u>

The preference shares are entitled to ten votes each and are convertible on the basis of two common shares for each preference share.

Employee stock options are outstanding for 19,000 common shares as follows:

Number of Shares	Option Price	Expiry Date
6,500	\$1.25	June 30, 1981
7,500	\$1.25	June 30, 1983
5,000	\$1.98	September 18, 1984
<u>19,000</u>		

## 8. COMMITMENTS

The minimum annual rentals payable in the next five fiscal years under long-term leases, exclusive of additional rent based on sales, are as follows:

1982 .....	\$1,341,000
1983 .....	1,113,000
1984 .....	1,039,000
1985 .....	940,000
1986 .....	837,000

## 9. DIRECTORS AND SENIOR OFFICERS

Remuneration paid by the Company to its directors and senior officers (twelve persons) as defined by The Business Corporations Act, Ontario, during the year ended February 28, 1981 amounted to \$444,000 (1980 — twelve persons — \$338,000).

## 10. RELATED PARTY TRANSACTIONS

During the year certain directors and officers purchased units in films produced by the Company in the amount of \$250,000 (1980 — \$189,000), on the same terms and conditions as units purchased by unrelated parties.

## 11. BUSINESS SEGMENTS

The Company and its subsidiaries' business segments are Photographic and Entertainment. Photographic includes retail sales of photographic equipment and retail and wholesale film processing. Entertainment includes the production and distribution of feature films and other filmed or video-taped programs for theatrical, non-theatrical, television and ancillary markets, as well as laboratory and sound mixing services.

	Photographic	Entertainment	Consolidated
1981 (Dollars in Thousands)			
Revenues .....	<u>\$29,580</u>	<u>\$17,253</u>	<u>\$46,833</u>
Earnings from operations .....			
operations .....	<u>2,247</u>	<u>1,411</u>	<u>3,658</u>
Unallocated costs			
Corporate, general and administrative expenses .....			(682)
Interest expense .....			(811)
Earnings before income taxes .....			
income taxes .....			<u>2,165</u>
Identifiable assets .....	<u>14,188</u>	<u>15,174</u>	<u>29,362</u>
Capital expenditures .....	<u>1,873</u>	<u>723</u>	<u>2,596</u>
Depreciation .....	<u>715</u>	<u>332</u>	<u>1,047</u>

	Photographic	Entertainment	Consolidated
1980 (Dollars in Thousands)			
Revenues .....	<u>\$25,491</u>	<u>\$12,712</u>	<u>\$38,203</u>
Earnings from operations .....			
operations .....	<u>1,925</u>	<u>1,036</u>	<u>2,961</u>
Unallocated costs			
Corporate, general and administrative expenses .....			(488)
Interest expense .....			(594)
Earnings before income taxes .....			
income taxes .....			<u>1,879</u>
Identifiable assets .....	<u>12,017</u>	<u>9,482</u>	<u>21,499</u>
Capital expenditures .....	<u>1,801</u>	<u>412</u>	<u>2,213</u>
Depreciation .....	<u>720</u>	<u>260</u>	<u>980</u>

## AUDITORS' REPORT

To the Shareholders of Astral Bellevue Pathé Inc.

We have examined the consolidated balance sheet of Astral Bellevue Pathé Inc. as at February 28, 1981 and the consolidated statements of retained earnings, earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at February 28, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in accounting policy as explained in Note 1(d) to the financial statements, on a basis consistent with that of the preceding year.

À notre avis, ces états financiers consolidés présentent fidélement les résultats de son exploitation et l'évolution de sa situation financière pour l'exercice terminé au 28 février 1981 ainsi que les résultats de son exploitation et l'évolution de sa situation financière pour l'exercice précédent.

Nous avons vérifié le bilan consolidé d'Astral Belleyve Pathé Inc. au 28 février 1981 ainsi que l'état consolidé des bénéfices non répartis. L'état consolidé des résultats et l'état consolidé de l'évolution de la situation financière de l'exercice terminé à cette date. Notre vérification a été effectuée conformément aux normes de vérification généralement reconnues, et à notre connaissance, par sondages et autres procédures que nous avons jugées nécessaires dans ces circonstances.

KAPPOUR DES VERHICIAEURS  
Aux actionnaires de Astral Bellevue Pathé Inc.

## RAPPORT DES VÉRIFICATEURS





PROVENANCE DES FONDS	
Bénéfice net	\$ 1,106,000
Amortissement	980,000
Impôts sur le revenu reportés	823,000
Fonds provenant de l'exploitation	3,212,000
Produit de la vente d'immobilisations	43,000
Produit de la longue dette	1,250,000
Émission de capital-actions	22,000
1,000	4,527,000
UTILISATION DES FONDS	
Coûts de productions de films	248,000
Additions aux immobilisations	2,213,000
Diminution de la dette à long terme	780,000
Dividendes payés	350,000
AUGMENTATION DU FONDS DE ROULEMENT	4,322,000
FONDS DE ROULEMENT — DEBUT DE L'EXERCICE	3,665,000
FONDS DE ROULEMENT — FIN DE L'EXERCICE	\$ 3,870,000

Etat consolidé de l'évolution de la situation financière pour l'exercice terminé le 28 février 1981

1981 1980

SOLDE — FIN DE L'EXERCICE .....	\$ 4,055,000
350,000 .....	292,000
334,000 .....	276,000
16,000 .....	16,000
5,397,000 .....	4,347,000
1,342,000 .....	1,106,000
<b>\$ 4,055,000</b> .....	<b>\$ 3,241,000</b>
1980 .....	1981

pour l'exercice terminé le 28 février 1981

### Etat consolidé des bénéfices non répartis

BÉNÉFICE NET PAR ACTION ORDINAIRES .....	48 cents
39 cents .....	
<b>BÉNÉFICE NET .....</b>	<b>\$ 1,342,000</b>
773,000 .....	
823,000 .....	
1,165,000 .....	1,879,000
44,668,000 .....	36,324,000
1,047,000 .....	980,000
507,000 .....	342,000
304,000 .....	252,000
11,582,000 .....	9,173,000
31,228,000 .....	25,577,000
Coûts des ventes .....	
Vente et administration .....	
Intérêt sur la dette à long terme .....	
Autres intérêts .....	
Amortissement .....	
Impôts sur le revenu .....	
BÉNÉFICE AVANT IMPÔTS SUR LE REVENU .....	
\$ 1,342,000 .....	\$ 1,106,000
BÉNÉFICE NET .....	
39 cents .....	

pour l'exercice terminé le 28 février 1981

### Etat consolidé des résultats



**\$29,362,000**

CAPITAL-ACCTIONS (Note 7) .....	3,623,000
.....	.....
BENEFICES NON REPARTIS .....	5,047,000
.....	.....
.....	4,055,000
.....	8,670,000
.....	7,656,000

## AVOIR DES ACTIONNAIRES

A COURT TERM

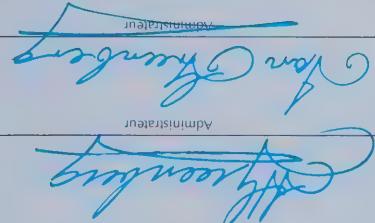
1980

1981

## PASSIVE

## AU NOM DU CONSEIL D'ADMINISTRATION

Administrateur



\$29,362,000	\$21,499,000
--------------	--------------

ACHALANDAGE .....	1,546,000
IMMOBILISATIONS (Note 4) .....	6,676,000
COLTS DE PRODUCTIONS DE FILMS (Note 3) .....	3,444,000
COLTS DE PRODUCTIONS DE FILMS (Note 3) .....	13,609,000
COLTS de productions de films (Note 3) .....	2,663,000
Frais payés d'avance .....	345,000
Impôt sur le revenu à recevoir .....	131,000
Redevances et colts des films .....	1,215,000
Stocks (Note 2) .....	8,079,000
Comptes à recevoir .....	\$ 5,263,000
	\$ 4,810,000

## A COURT TERMÉ

1980 1981

## ACTIF

Bilan consolidé au 28 février 1981

# ASTRAL BELLEVUE Pathé



BUREAUX EXÉCUTIFS  
720 o, rue King, Toronto, Ontario M5V 2T3

Dirigeants de la Compagnie  
Harold Greenberg — Président du conseil d'administration

lan Greenberg — Vice-président et secrétaire  
Peter H. Ross — Vice-président et trésorier  
lan Greenberg — Vice-président senior

Filiales et Divisions  
LES FILMS ASTRAL LTD  
DISTRIBUTION  
TRAITEMENT DE FILMS & SERVICES  
DÉNREGISTREMENT SONORE

LES PRODUCTIONS DE FILMS ASTRAL LTD  
Eddy Rosenthal, Gérant des opérations  
lan Greenberg, Vice-président senior

PRODUCTION  
LES FILMS ASTRAL LTD  
LABORATOIRES BELLEVUE PATHÉ  
Montreal et Toronto

BELLEVUE PHOTO  
TOMATO

DETALI:  
ANGREEN PHOTO  
lan Greenberg, Président  
ASTRAL PHOTO  
Harvey Greenberg, Président  
Zitter, Siblin, Stein, Levine  
Troy, Troy, Deslauriers & Binnington, Toronto  
Hennan, Blaikie, Solin, Potvin, Tremblay, Cobbe, Montreal

Conseillers juridiques

Banque  
La Banque Royale du Canada  
La Banque de Montreal  
La Bourse de Montreal  
La Bourse de Toronto

Agent de transport et registratrice

La Compagnie de Fiducie Canadienne Permanent  
Montreal, Toronto, Winnipeg, Montreal, Galgay et Vancouver.

## ADMINISTRATORS



ADMISTRATORS  
Harold Greenberg  
President of the Astral Corporation  
conseil d'administration et la compagnie de la  
Vice-président et trésorier de la  
Vice-président de la compagnie et du  
Président du conseil d'administration  
Président de la compagnie

Brascan Limited  
Président du conseil d'administration  
Président de la compagnie

MK Gill  
Administrateur de l'université  
Reçu de la Faculté

## ADMISTRATORS



ADMISTRATORS  
Harold Greenberg  
President of Astral Photo  
Président du conseil d'administration  
Président de la compagnie



ADMISTRATORS  
Harold Greenberg  
President of the Astral Corporation  
conseil d'administration et la compagnie de la  
Vice-président et trésorier de la  
Vice-président de la compagnie et du  
Président du conseil d'administration  
Président de la compagnie

Brascan Limited  
Président du conseil d'administration  
Président de la compagnie

MK Gill  
Administrateur de l'université  
Reçu de la Faculté

En avril 1981, la compagnie a débute ses opérations de reproduction de cassettes-vidéo par la fondation d'une nouvelle compagnie, Pathé Vidéo. Visant à former les marchés de l'éducation et des institutions, ainsi que le domaine grandissant du vidéo-domestique, Les marchés de la industrie ont progressé de 40% et devraient maintenir un tel rythme pendant quelques années. Le marché des systèmes vidéo-domestiques, en effet, a ses premières armes, mais il croît de façon explosive. Aux États-Unis, les ventes de cassettes-vidéo pre-énergétiques de 1981 et la vente de consoles vidéo-domestique pour la compagnie, surtout lorsqu'un sondage aux droits intéressante est une occasion d'essor du marché canadien du jeu vidéo.

Pathé Video Inc.



## Nouvelles entreprises



# ASTRAL BELLEVUE *Pathé* INC.



Les activités en production cinématographique sont gérées par une filiale à part entière de la compagnie, Austral Film Production Ltd. Pendant l'année, la compagnie a terminé la production de trois longs métrages: BEING DIFFERENT, un documentaire mis en scène par le réalisateur émérite Harry Rasky, HOT TOUCH, un film d'aventures réalisée par le réalisateur émérite Harry Rasky, et HARD FEEL. INGS, une œuvre émouvante co-produite avec Joe Wizan et tirée du roman de W.D. Richter.

BEING DIFFERENT a été financé en-  
tièrement par la compagnie et il a été présenté à la télévision à l'âge d'or de l'Amérique et les marchés étrangers. Harry Rasky, le réalisateur du long métrage, a produit plusieurs documentaires dont HOM-  
AGE À CHAGALL, qui a été mis en nomination pour un Oscar.

HOT TOUCH, un film d'aventures qui gravitent autour d'un faussaire et met en vedette Wayne Rogers, Marle-France Pisier, Patrick Macnee, Lloyd Bochner, Samantha Eggar et Melvyn Douglas. Le film sera distribué plus tard cette année par Twentieth Century Fox. Austral Con-

## Cine-production



### Crime-distribution

## Tele-distribution

## Groupe du divertissement



## Photo-finition



Àvec un épanouissement de notre industrie dans les régions à croissance rapide, nous pouvons prévoir pour l'exercice 1982 des bénéfices au chapitre des ventes et des revenus. Ce fut une année de grands défis pour nous et nous réussiront à l'heure à la fin de l'année.

Un nouveau laboratoire-satellite a récemment été aménagé à Calgary pour répondre aux demandes du marché. Nous permettent d'offrir de nouveaux programmes qui s'adaptent aux besoins de nos clients. Montréal et Toronto en 1979 et 1980 ont accueilli des installations à la modernisation des installations à faibles coûts de détail, les ventes se sont accrues de 5%. La meilleure est la croissance plus lente du marché et la prolifération des caméras-photo au détail ont engendré plus de compétition au niveau du marché au détail. Qui plus est, la croissance plus lente du marché et la prolifération des caméras-photo au détail ont engendré plus de compétition au niveau du marché au détail. Qui plus est, la matière sur le pour effet de résolution et l'amélioration importante du coût du papier et des autres déférale de la vente sur la photo-finition et l'augmentation importante de la vente de la photo-finition.

Ensuite, nous pouvons prévoir pour l'exercice 1982 des bénéfices au chapitre des ventes et des revenus. Ce fut une année de grands défis pour nous et nous réussiront à l'heure à la fin de l'année.

Nous avons élargi l'éventail des produits de notre maison IMAGE pour en élargir l'offre à tout en énergie. Nous avons également étendu nos activités au consommateur. La pellicule IMAGE est venue s'ajouter aux autres pellicules parce que nous avons une offre complète et intéressante pour tous les types de photographie. Nous avons également étendu nos activités au consommateur. La pellicule IMAGE est venue s'ajouter aux autres pellicules parce que nous avons une offre complète et intéressante pour tous les types de photographie. Nous avons également étendu nos activités au consommateur. La pellicule IMAGE est venue s'ajouter aux autres pellicules parce que nous avons une offre complète et intéressante pour tous les types de photographie. Nous avons également étendu nos activités au consommateur. La pellicule IMAGE est venue s'ajouter aux autres pellicules parce que nous avons une offre complète et intéressante pour tous les types de photographie.

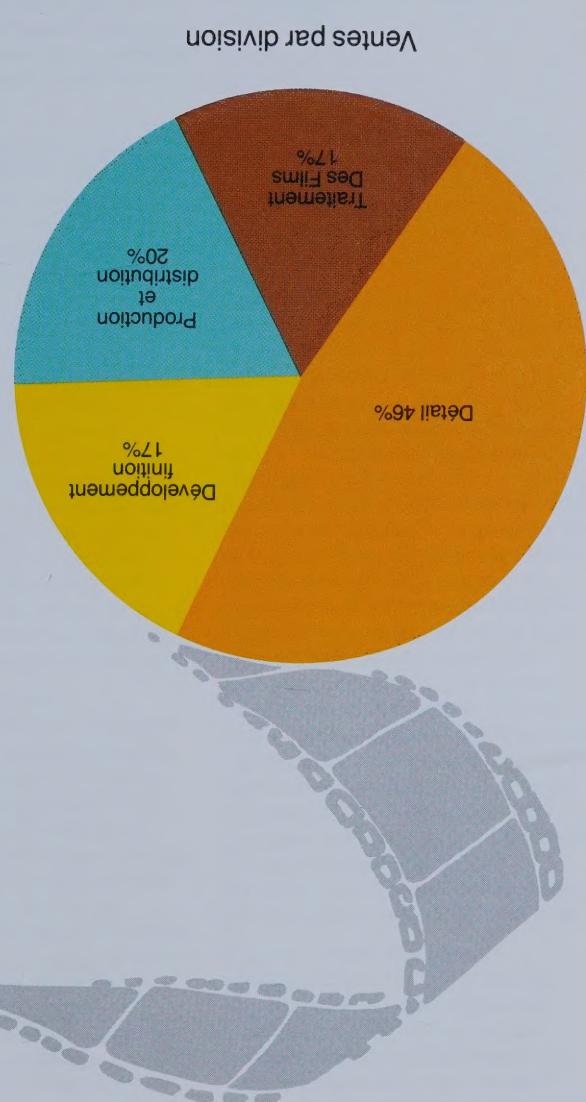
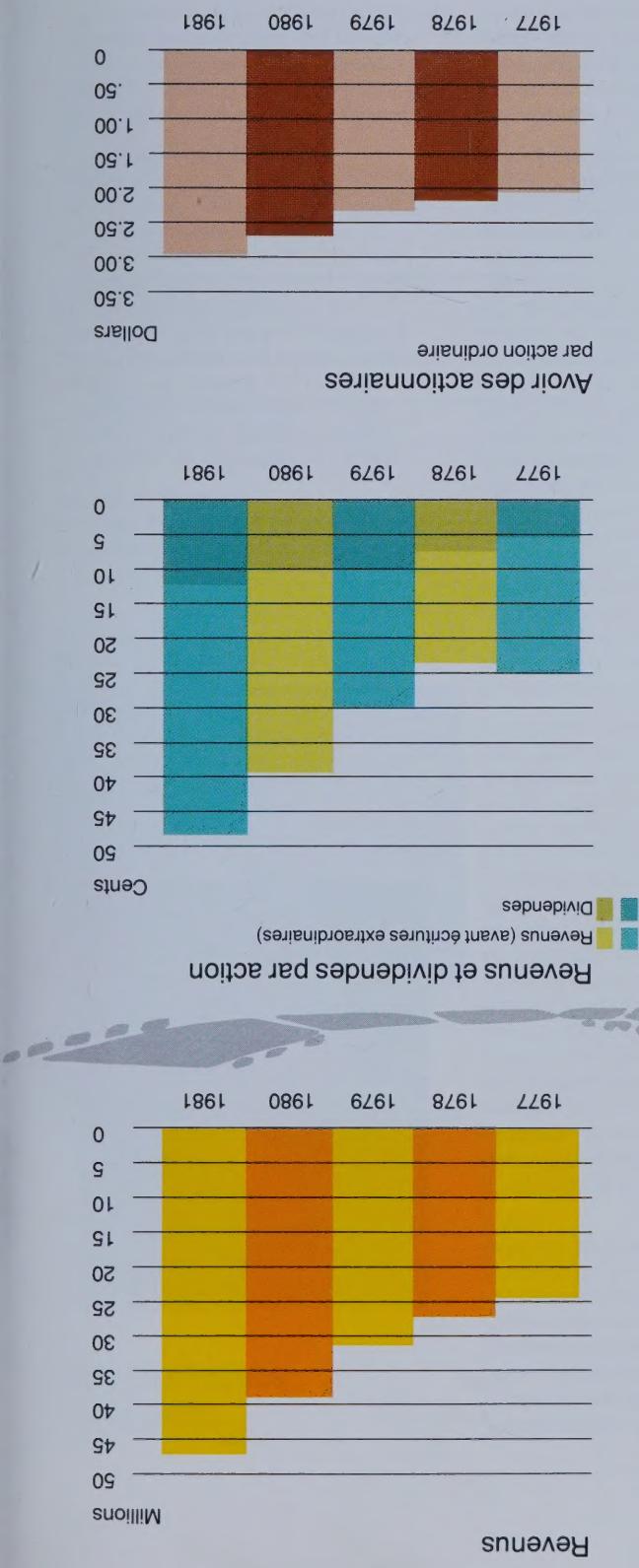


Par laison sociale	41	40	30	71	77	87
Angreen Photo	41	40	37	77	77	87
Astral Photo	41	40	37	77	77	87
(projets)						
23 fév./80	28 fév./81	26 fév./82				

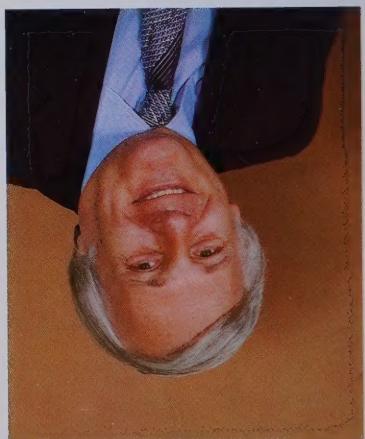
Depuis le 28 février 1981, des boutiques de vente en magasin et de vente à domicile sont ouvertes dans toute la province. Celle-ci est située dans la 105th Street à Okotoks. Nous prévoyons des inaugurations dans les autres périodes de l'année. Nous prévoyons également une ouverture à Calgary en 1982. Nous prévoyons également une ouverture à Saskatoon. Ceci, tout une première dans la chaîne de magasins existantes et projets.

Division de la vente au détail  
Division de deux entités: Austral Photo  
et enentes en magasin et le  
Austral Photo. L'augmentation des  
visite en deux entités: Austral Photo  
et enentes en magasin et le  
développement incroyable qu'a  
annonné Austral Photo expliquent un ac-  
tendu de 20% pour cette division  
orriusement général des ventes de  
éneindant l'exercice 1980/81.

## Group de la photographie

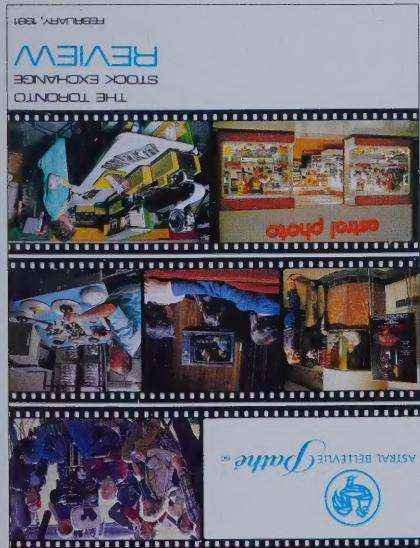


Cher(e) membre du Parti Libéral du Québec,  
L'année qui vient connaîtira un bon  
nouveau laboratoire de photo-financement. Un  
à Cagney, des installations pour la  
reproduction de cassettes-video à  
Toronto, et une compagnie de pro-  
ductions de films animés à Montréal  
sont tous en opération. Et tous pro-  
mettent de contribuer de façon mar-  
quante aux gains perdus les années  
à venir. Cependant, avec les taux  
d'intérêts à des niveaux records, la  
diffusion et des télécommunications  
canadiennes recevra cet été les applica-  
tions pour les permis d'exploitation  
attribuées avant le 31 décembre 1981.  
Toujours. Les permis déviés au Canada.  
Des audiences autour du monde.  
Eléguees et pour la télévision à péage  
au Canada. Le Conseil de la radio-  
un démière, la compagnie a déposé  
sion des services aux régions  
diffusion et des télécommunications  
canadiennes recevra cet été les applica-  
tions pour les permis d'exploitation  
de la télévision à péage au Canada.  
Pour être un détenteur compétent. En  
ce moment, il est impossible de savoir  
si on décermera un permis à Com-  
pagne, ou même de déterminer la  
nature du permis. Toutefois, du moins  
nous permettent ou non un permis  
d'exploitation, la télévision à péage  
sur la compagnie que sur l'industrie  
la croissance avec enthousiasme. En-  
semble, et avec un conseil d'admi-  
nistration dévoué, nous élèverons  
la compagnie vers de nouveaux  
somets.



Faîtes Sallants Financiers (000) omis, sauf pour les actions	1981	1980	1979	1978	1977
Ventes	\$46,833	\$38,203	\$31,680	\$26,404	\$24,822
Benefice net	1,342	1,106	857	524	703
Fonds de roulement	3,870	3,665	3,608	3,507	3,446
Avoir des actionnaires	8,670	7,656	6,841	6,273	5,958
Par action ordininaire					
Benefice net	48 cents	39 cents	30 cents	18 cents	25 cents
Dividende net	12 cents	10 cents	10 cents	7 cents	6 cents
Avoir des actionnaires	2.98	2.66	2.36	2.16	2.04

Le frontispice du Toronto Stock Exchange Review, février 1981, dont Astral Bellevue Pathé faisait la manchette.



ASTRAL BELLEVUE *Pathé* INC.

Rapport Annuel 1981

